

Public Agenda Item #8

Annual Review and Consideration of Proxy Voting and Corporate Governance

February 23, 2016

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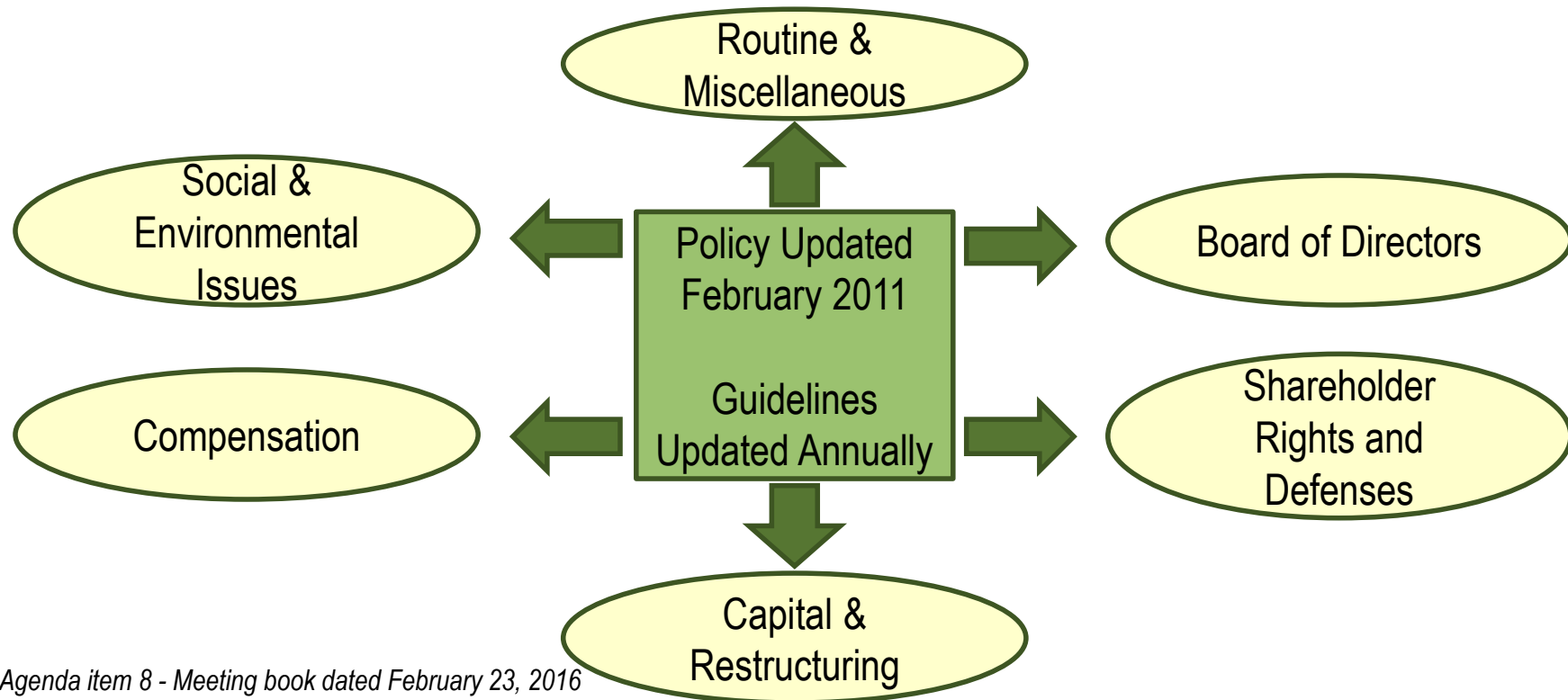
ERS Proxy Voting



- The ERS Board of Trustees recognizes that the right to vote proxies:
 - Has economic value
 - Includes the management of voting rights as fiduciaries
 - Must be exercised for the sole economic benefit of ERS

ERS Proxy Voting

Policy and Guidelines



ERS Proxy Voting

Process



- Proxies are voted through Institutional Shareholder Services' (ISS) electronic proxy voting system
 - Rules based on guidelines
 - Most votes are automatic based on rules
 - Case-by-case referred back to ERS Analyst/Portfolio Manager
- During 2015, 2.6% of all proposals were referred to ERS Staff

ERS Proxy Voting

ERS 2015 Voting Activity



ERS Proxy Voting Results 01/01/15 – 12/31/15			
Agenda Item Category	Total Voteable Proposals 2015	% of Time Voted With Management 2015	% of Time Voted With Management 2014
Routine/Miscellaneous	4,055	95%	95%
Board of Directors	13,475	94%	94%
Shareholder Rights and Defenses	227	88%	92%
Capitalization	1,508	71%	74%
Reorganizations, M&A	605	93%	96%
Compensation	2,204	86%	86%
Social/Environmental Issues	236	67%	69%
Other Shareholder Proposals	628	48%	59%
Preferred/Bondholder	10	100%	100%
Total	22,962	90%	91%

Agenda item 8 - Meeting book dated February 23, 2016

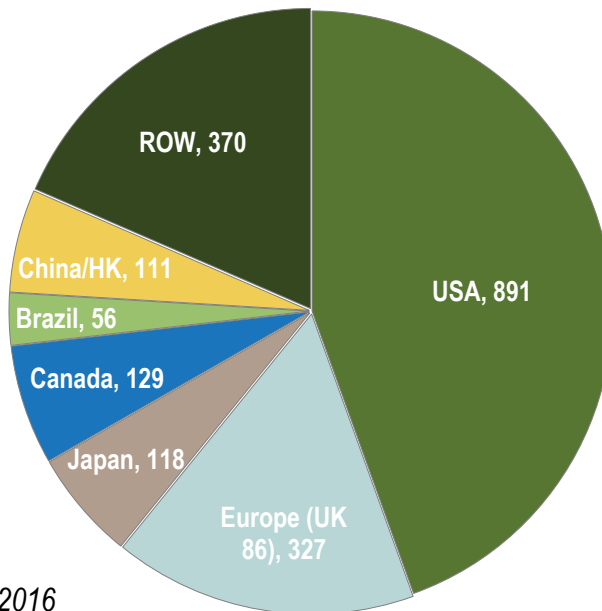
ERS Proxy Voting

ERS 2015 Voting Activity



Globally, ERS voted 2,002 meetings in 49 separate markets

ERS' 2015 Voteable Meetings by Region



2015 Proxy Season Review

Compensation



S&P 500 Fiscal 2013/2014 CEO Pay Values							
S&P 500 CEO Pay	Base Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentives	All Other Comp	Total Compensation
Median 2014	1,087,500	327,521	4,614,339	1,297,200	1,843,200	474,991	11,627,860
Median 2013	1,074,808	333,691	4,216,504	1,419,250	1,811,668	289,314	10,449,724

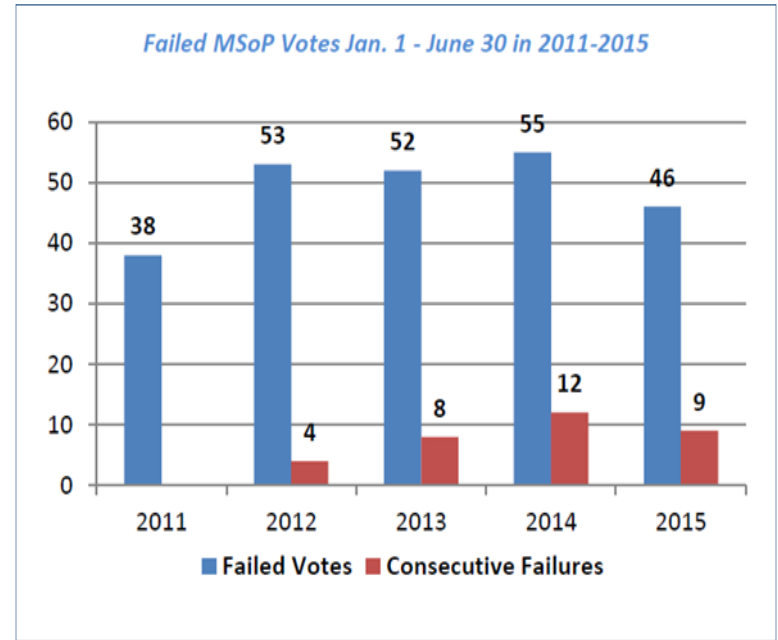
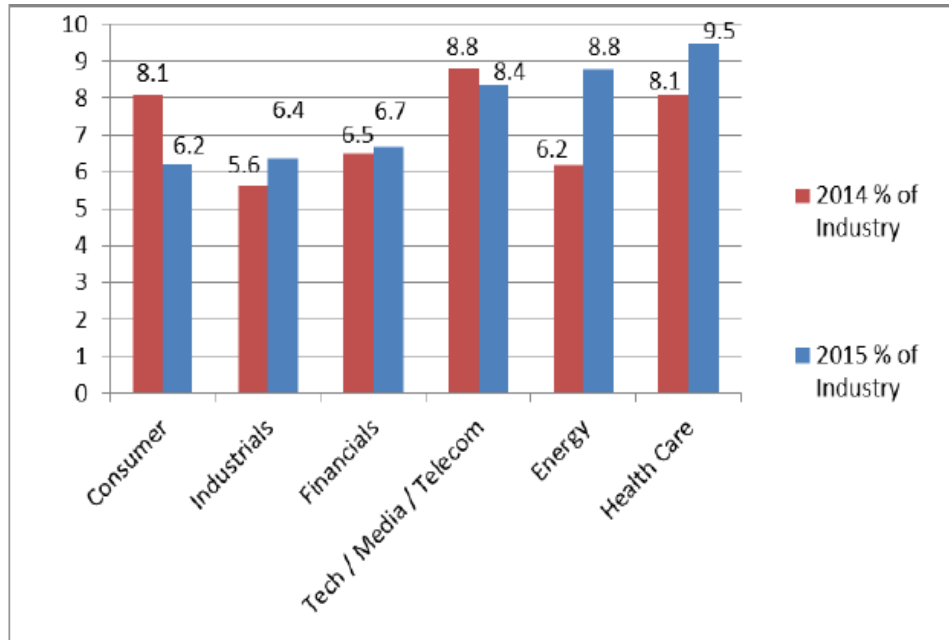
Institutional Shareholder Services (ISS)

2015 Proxy Season Review

Compensation Voting Results



Proportion of Companies with Weak Shareholder Support (<70%) by Industry



2015 Proxy Season Review

Activism



- Recent history of activist success
- Greater board engagement
- Headline proxy contests

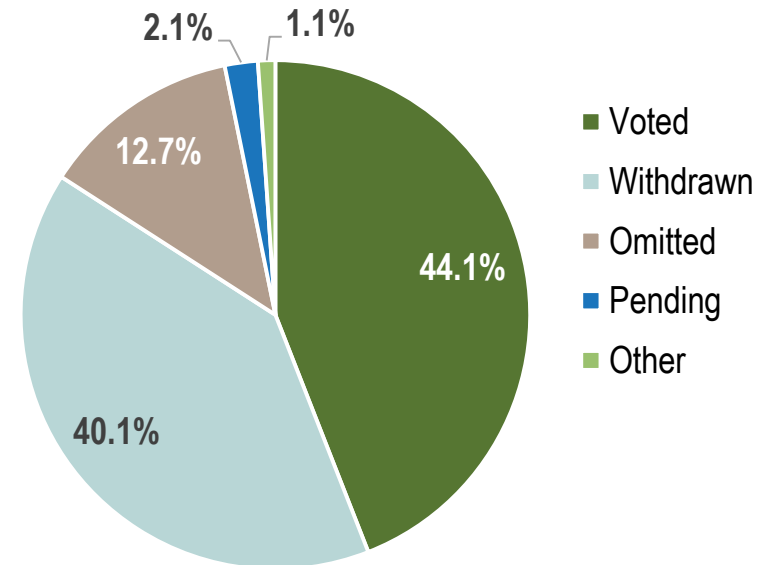
2015 Proxy Season Review

Environmental and Social Governance



- Record Number of Proposals - 474
- Shareholder Support - 20%
- ERS Policy

Status of E&S Resolutions



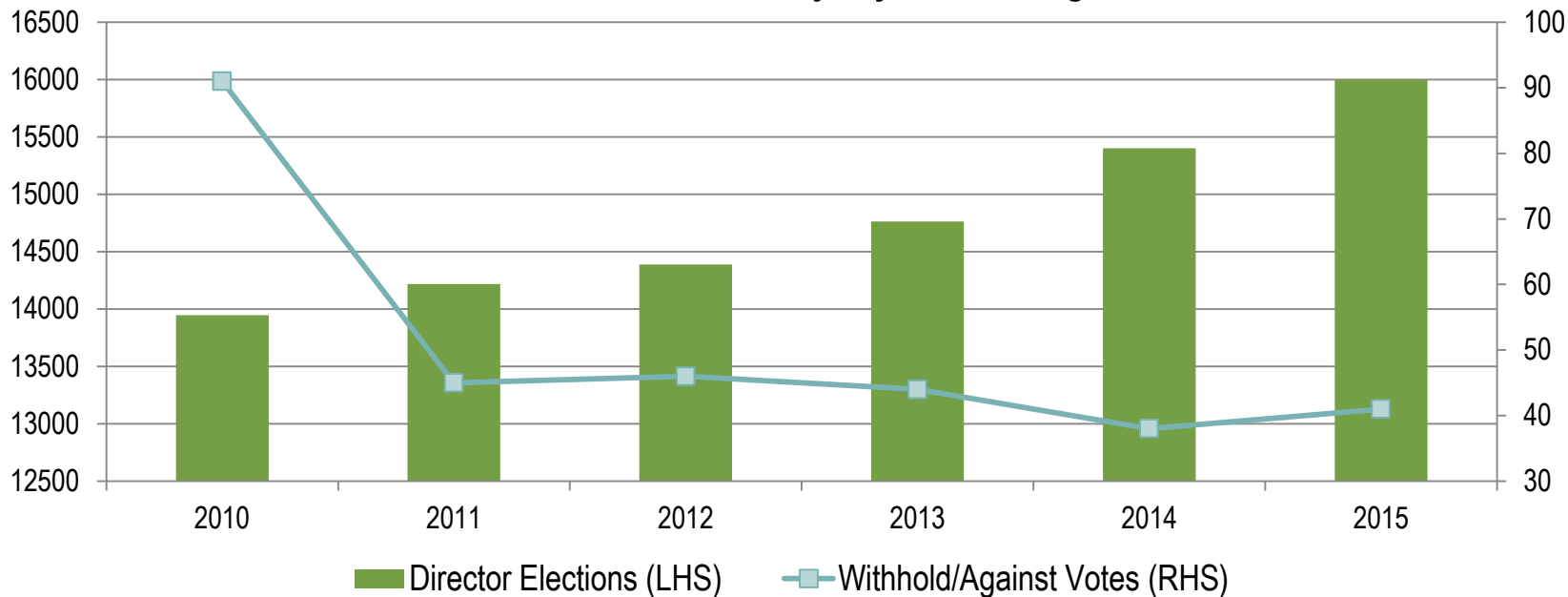
Other includes cancelled meetings and not presented for technical reasons.

2015 Proxy Season Review

Director Election Voting Results



Director Elections and Number of Majority Withhold/Against Votes

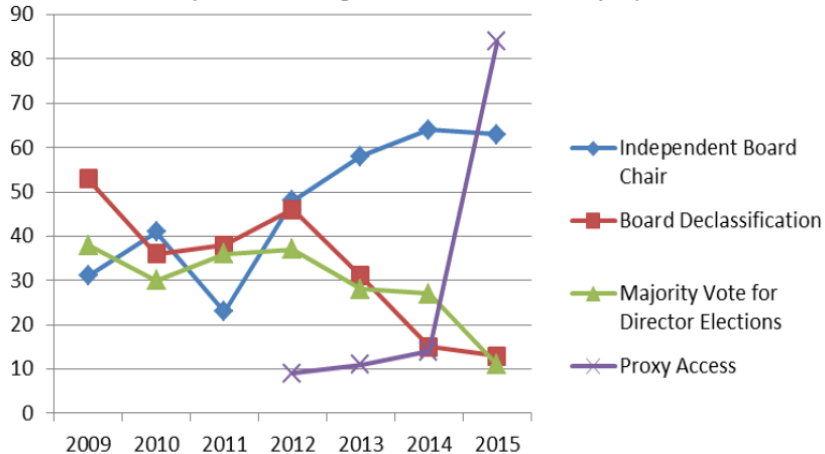


2015 Proxy Season Review

Governance Related Shareholder Resolutions

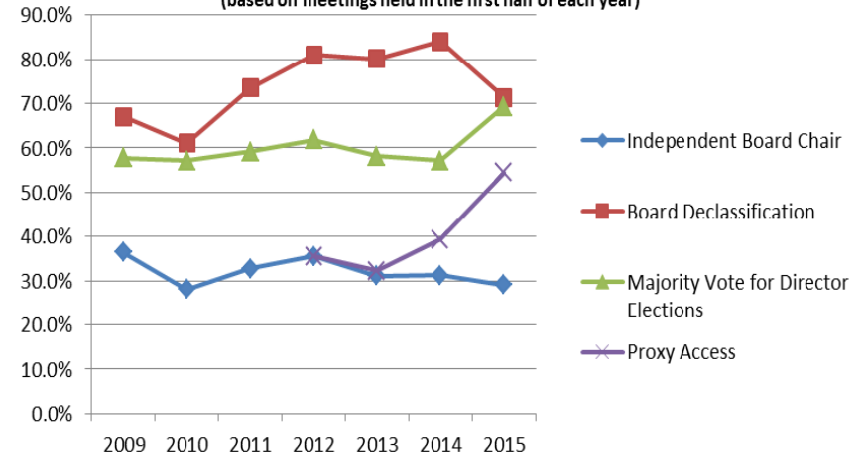


Prevalence of Board Related Shareholder Proposals*
(based on meetings held in the first half of each year)



*Source: ISS Voting Analytics Database

Trends in Average Shareholder Support for Board-Related Shareholder Proposals*
(based on meetings held in the first half of each year)



*Source: ISS Voting Analytics Database

ERS Proxy Voting

2016 Corporate Governance Topics



- Activist Investing
- Executive Compensation
- International Focus on Governance
- Initial Public Offering (IPO) Governance
- Environmental and Social Governance Issues
- Governance Related Shareholder Resolutions (Proxy Access)

Questions?